

# Budget Scenarios

## FY 19/20 – FY 25/26

Presented April 2020

Presented by:

Linda Wilczewski  
Vice President, Administrative Services

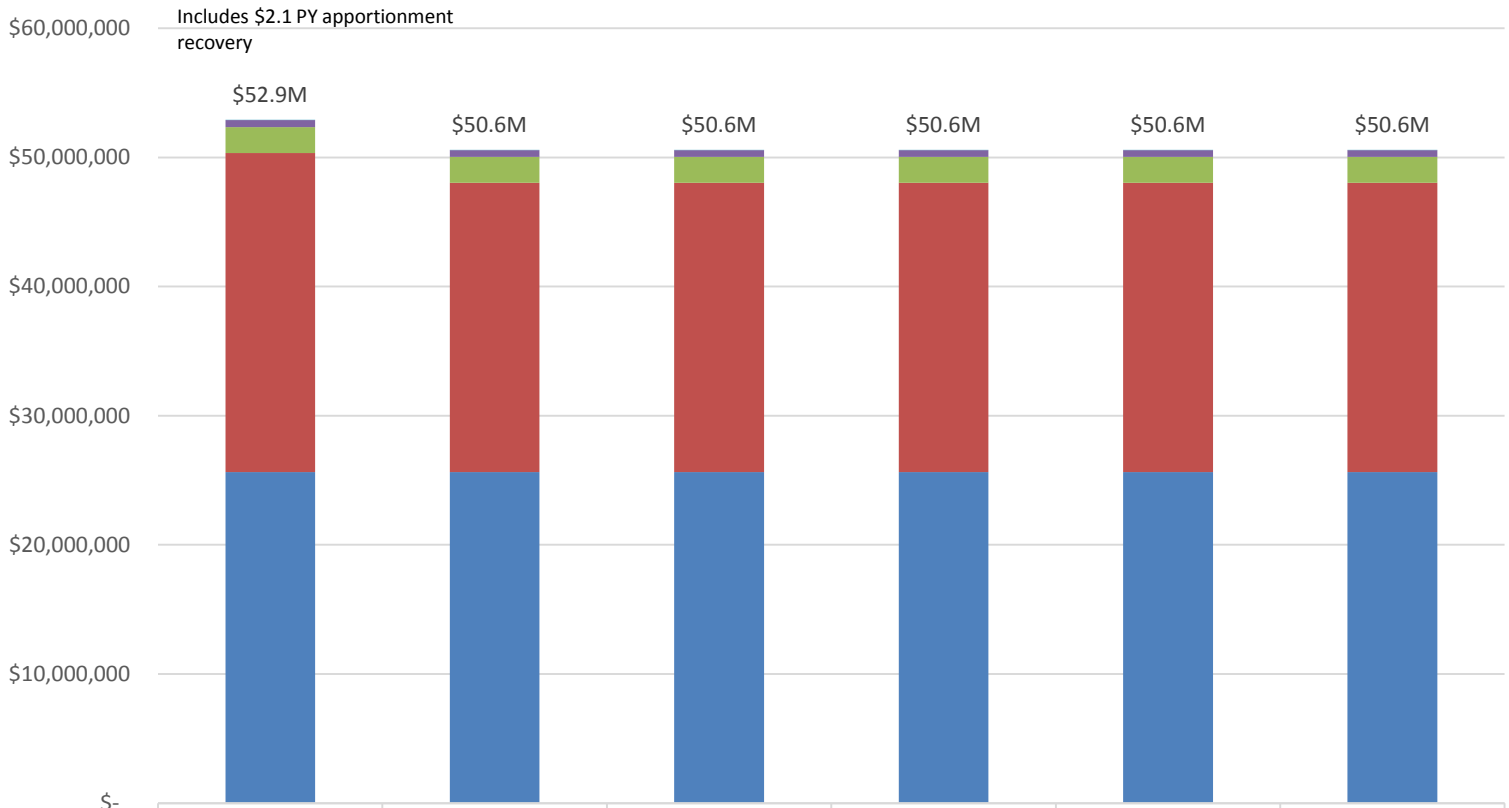


## Unrestricted General Fund Revenues by Type



	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
■ Federal revenue	\$22,683	\$20,291	\$21,862	\$16,892	\$20,487	\$17,254	\$7,929
■ Other Local revenue	\$421,062	\$1,977,224	\$476,699	\$481,530	\$702,705	\$585,778	\$961,389
■ Enrollment and non-resident tuition fees	\$2,146,423	\$1,986,602	\$2,104,157	\$2,303,669	\$2,451,596	\$2,307,654	\$2,471,218
■ State revenue	\$13,623,708	\$12,735,534	\$16,936,644	\$23,697,942	\$18,651,566	\$19,459,965	\$25,005,626
■ Property tax revenue	\$18,518,141	\$19,914,361	\$20,288,723	\$22,350,705	\$22,241,644	\$23,570,295	\$25,063,787

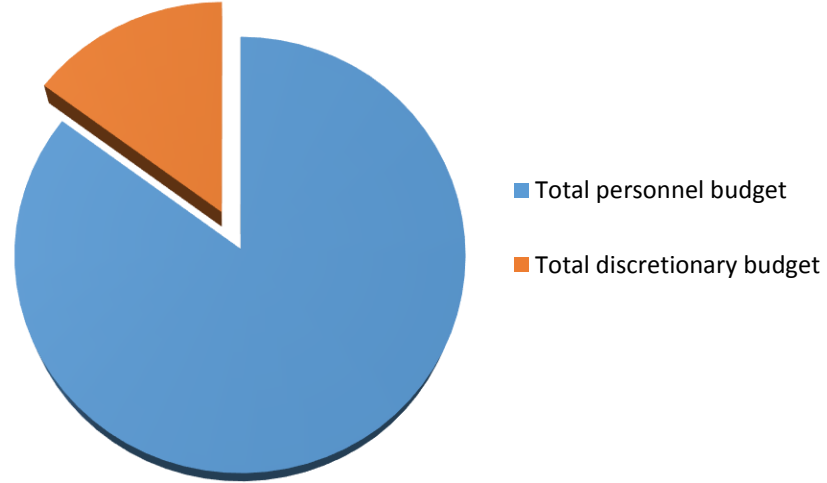
## Unrestricted General Fund Revenue Projections



	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Federal revenue	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
Other Local revenue	\$540,000	\$540,000	\$540,000	\$540,000	\$540,000	\$540,000
Enrollment and non-resident tuition fees	\$1,993,700	\$1,993,700	\$1,993,700	\$1,993,700	\$1,993,700	\$1,993,700
State revenue	\$24,710,371	\$22,397,381	\$22,397,381	\$22,397,381	\$22,397,381	\$22,397,381
Property tax revenue	\$25,637,360	\$25,637,360	\$25,637,360	\$25,637,360	\$25,637,360	\$25,637,360

**Total forecasted expenditures = \$51,797,674**

- Largest expenditure is personnel (~84%)
- Reductions in discretionary expenses (~16%) are a challenge



## Facts to Remember

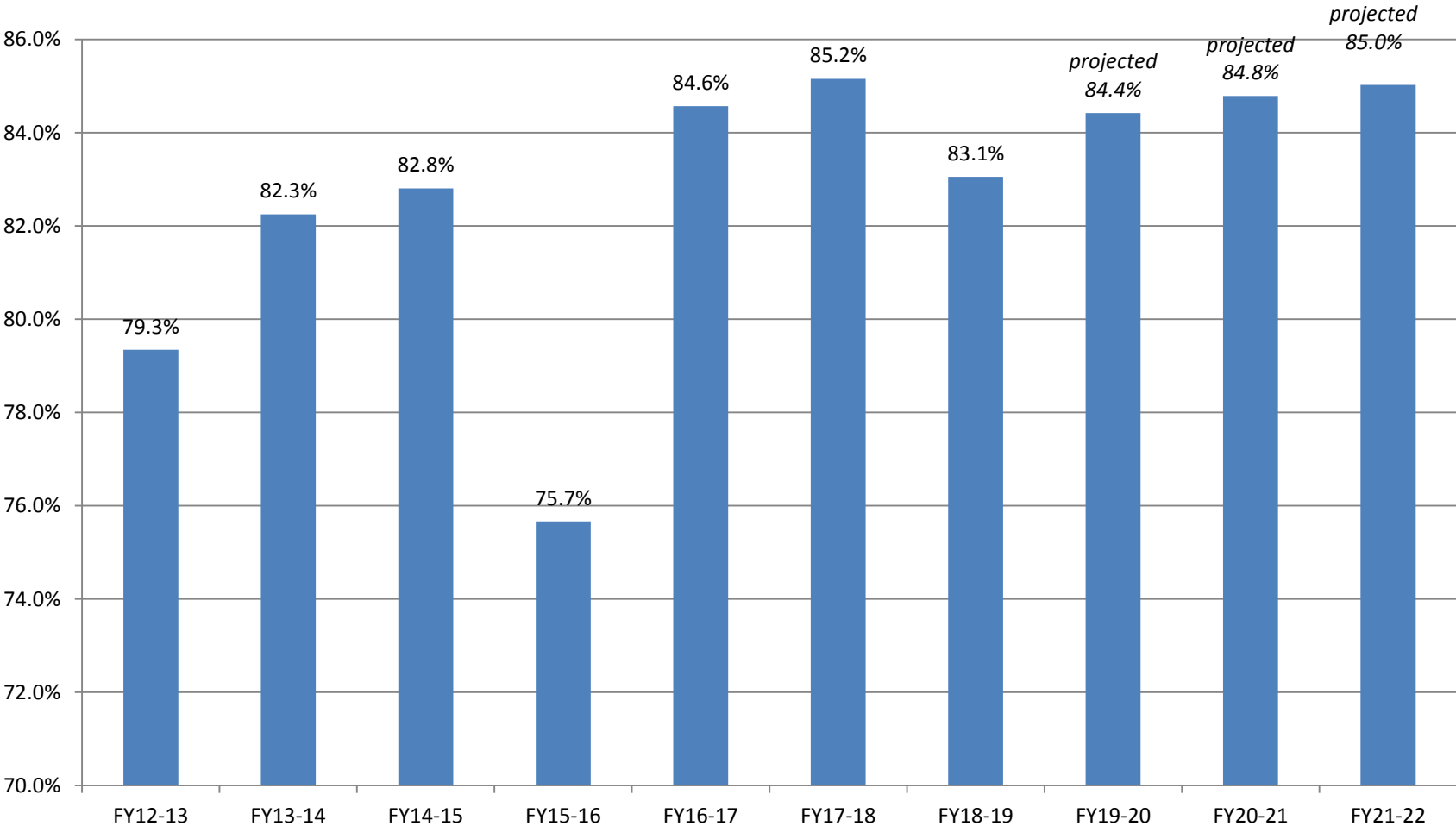
- COLAs compound year-over-year
- Health & welfare increases **at least 11%**  
= \$623k per year  
Expect substantial increases in light of the costs of COVID-19 pandemic
- PERS & STRS rates continue to climb

*Salaries & Benefits = \$43.7 M*

*Discretionary budget = \$8.1 M  
or \$672k per month*



## Personnel Costs as % of Total Operations



## Student Success Goals:

1. Increase student completion
2. Increase student completion efficiency
3. Increase student transfer to 4-year institutions
4. Improve student employment subsequent to training or completion



- Program viability –
  - Low productivity programs
- Service delivery efficiency –
  - College redesign
- Service agreements
  - Contract services
  - Maintenance agreements
  - Advertising
- Benefit costs
- Personnel costs, including natural attrition



Image source: Serenity Packaging (2018)

Revenues will likely not be flat, but significantly reduced, for the foreseeable future

Expenditures:

Salaries - Step & column = 2.5% on the average

COLA =	FY19-20	5.0%
	FY20-21	2.0% ??
	FY21-22	1.0% ??



No COLA assumption thereafter %

<u>Pension Rates:</u>	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
STRS	18.13%	19.10%	19.33%	19.56%	19.79%	20.00%	20.25%
PERS*	19.72%	22.70%	24.60%	25.40%	26.10%	26.30%	26.20%

\*not sustainable

Health & Welfare is anyone's guess - very conservatively

FY20-21 projected increase 11%; increasing an additional 1% every year thereafter  
 20/21 = 11%, 21/22 = 12%, 22/23 = 13%, 23/24 = 14%, 24/25 = 15%, 25/26 = 16%





Status Quo		Assumptions - revenues flat, discretionary run rate 16%				
Scenario A	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Beginning Fund Balance	11,173,726	12,567,477	9,322,862	4,400,086	(1,761,599)	(9,176,327)
Revenue	53,191,425	50,585,441	50,585,441	50,585,441	50,585,441	50,585,441
Salaries & Wages	30,694,308	32,090,899	33,222,103	34,052,656	34,903,972	35,776,572
H&W Benefits	13,035,545	13,550,319	13,974,444	14,258,125	14,533,307	14,741,133
Discretionary	8,067,821	8,188,838	8,311,670	8,436,346	8,562,891	8,691,334
Total Expenses	51,797,674	53,830,056	55,508,218	56,747,126	58,000,170	59,209,039
Surplus/(Deficit)	1,393,751	(3,244,614)	(4,922,776)	(6,161,685)	(7,414,728)	(8,623,597)
Operating Reserve	24.26%	17.32%	7.93%	-3.10%	-15.82%	-30.06%
Ending Fund Balance	12,567,477	9,322,862	4,400,086	(1,761,599)	(9,176,327)	(17,799,924)

**UNSUSTAINABLE**

- Increased operational costs: opening of new centers
- Implement strategic goals & priorities; advance the 2019-2024 strategic plan
- Uncertainty of revenues under SCFF; current economic uncertainty
- Potential depletion of reserves



Balanced Budget in 3 years		Year 1	Year 2	Year 3	2,053,895	annual reduction
Scenario B	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
<b>Beginning Fund Balance</b>	<b>11,173,726</b>	<b>12,567,477</b>	<b>11,376,757</b>	<b>10,561,771</b>	<b>10,561,771</b>	<b>10,561,771</b>
Revenue	53,191,425	50,585,441	50,585,441	50,585,441	50,585,441	50,585,441
Total Expenses	51,797,674	51,776,161	51,400,428	50,585,441	50,585,442	50,585,442
Surplus/(Deficit)	1,393,751	(1,190,719)	(814,986)	0	(0)	(0)
Operating Reserve	24.26%	21.97%	20.55%	20.88%	20.88%	20.88%
<b>Ending Fund Balance</b>	<b>12,567,477</b>	<b>11,376,757</b>	<b>10,561,771</b>	<b>10,561,771</b>	<b>10,561,771</b>	<b>10,561,771</b>

- Reduce current operations by \$2.0 mil per year
- Strategically reduce programs to better meet demand
- Reduce staffing, including attrition
- Implement strategic goals & priorities; advance the 2019-2024 strategic plan
- Balanced budget in 3 years

# Scenario C: College reformation

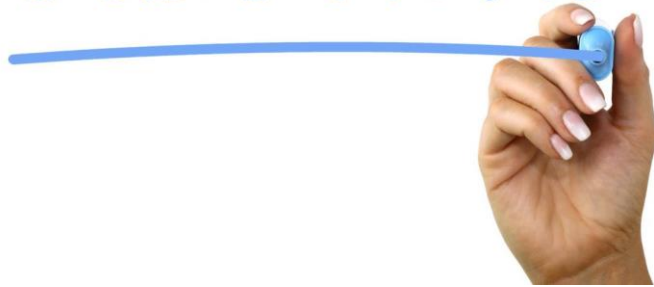


Balanced Budget in 2 years		Year 1		Year 2		2,461,388	annual reduction
Scenario C	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	
<b>Beginning Fund Balance</b>	<b>11,173,726</b>	<b>12,567,477</b>	<b>11,784,250</b>	<b>11,784,250</b>	<b>11,784,250</b>	<b>11,784,250</b>	<b>11,784,250</b>
Revenue	53,191,425	50,585,441	50,585,441	50,585,441	50,585,441	50,585,441	50,585,441
Total Expenses	51,797,674	51,368,668	50,585,442	50,585,441	50,585,442	50,585,442	50,585,442
Surplus/(Deficit)	1,393,751	(783,226)	(0)	0	(0)	(0)	(0)
Operating Reserve	24.26%	22.94%	23.30%	23.30%	23.30%	23.30%	23.30%
<b>Ending Fund Balance</b>	<b>12,567,477</b>	<b>11,784,250</b>	<b>11,784,250</b>	<b>11,784,250</b>	<b>11,784,250</b>	<b>11,784,250</b>	<b>11,784,250</b>

- Reduce current operations by \$2.5 mil per year
- Strategically eliminate programs to better meet demand
- Significantly reduce infrastructure/staffing
- Ensure future financial stability and ability to grow
- Balanced budget in 2 years



QUESTIONS



Thank you!